

**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY:
ANNUAL INVESTMENT REPORT
(YEAR ENDING DECEMBER 31, 2024)**

Adopted by Resolution March 24, 2025

Investments

As of December 31, 2024, all investments of the Riverhead Industrial Development Agency are held as collateralized cash bank deposits in accordance with the standards set forth in the General Municipal Law, as required by the Public Authorities Law.

The Riverhead Industrial Development Agency had in an interest-bearing Municipal NOW Account with Hanover Bank in the amount of \$369,388.24 as of December 31, 2024. This included interest earned in the amount of \$9,388.24. The NOW interest rate varied between 4.5% and 3.72% in 2024.

There were no brokers, agents and dealers used by the Riverhead Industrial Development Agency for the year ended December 31, 2024 and, therefore, no associated fees or commissions paid.

Investment Guidelines

In accordance with Section 2925(6) of the Public Authorities Law, attached hereto as Exhibit A is the Investment Guidelines Policy of the Riverhead Industrial Development Agency.

No amendments were made to the Investment Guidelines during 2024.

[Independent Audit

Attached hereto as Exhibit B are the results of the annual independent audit conducted by EFPR GROUP CPAs on March 2nd, 2025.

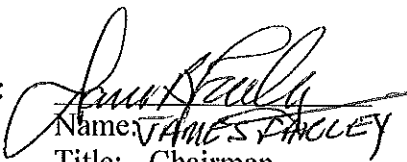
By: 
Name: JAMES D'ARCY
Title: Chairman

Exhibit A

Investment Guidelines Policy

**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY:
INVESTMENT GUIDELINES POLICY**

I. Introduction

- A. This Investment Guidelines Policy (the “**Investment Policy**”) of the Riverhead Industrial Development Agency (the “**Agency**”) is adopted by resolution pursuant to Section 2925 of the Public Authorities Law and shall be reviewed and approved annually by the Agency.
- B. This Investment Policy sets forth the Agency’s operative investment policy as well as the instructions to officers and staff regarding the investing, monitoring and reporting of the Funds (as defined below) of the Agency.
- C. This Investment Policy shall apply to all funds of the Agency, including monies and other financial resources available for investment and deposit by the Agency on its own behalf or on behalf of any other entity or individual, but excluding the proceeds of any borrowings by the Agency as financial assistance in connect with a “project” as defined in Article 18-A of the General Municipal Law (the “**Funds**”).
- D. Under the direction and supervision of the Board, the Treasurer of the Agency shall be responsible for the implementation of this Investment Policy. The Treasurer and any such person or persons the Treasurer expressly authorizes shall have the authority to invest the Funds of the Agency.
- E. The Treasurer and any such person or persons authorized by the Treasurer shall act prudently and responsibly so as to ensure investments and deposits made under this Investment Policy are done so with judgment and care in accordance with this Investment Policy and applicable federal, state and local laws.

II. Investment Objectives

The Agency’s objectives with regard to all Permitted Investments (as defined below) involving the Funds of the Agency include the following, in order of priority:

- A. to comply with all applicable federal, state and local laws;
- B. to preserve the principal of the Funds;
- C. to maintain sufficient liquidity to meet the current and future operating requirements of the Agency; and
- D. to maximize return or to produce a reasonable rate of return.

III. Designation of Authorized Institutions for Deposit and Responsibility for Deposits

- A. Pursuant to the General Municipal Law, the Board of the Agency hereby designates those banks and trust companies authorized by law to serve as such depositories that the Agency, from time to time, shall choose to designate by resolution of the Board for the deposit of the Agency's Funds.
- B. The maximum amount which shall be kept on deposit at any time in each such bank or trust company shall not exceed \$2,000,000.
- C. The Treasurer or any other officer of the Agency authorized to have custody of the Funds shall be responsible for depositing the Funds in accordance with this Section III.
- D. In the event public deposits are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, as now or hereafter amended, such excess shall be secured in accordance with Section 10(3)(a) of the General Municipal Law.

IV. Permitted Investments and Responsibility for Investments

- A. The following, in accordance with Section 11 of the General Municipal Law, includes the permitted investments the Agency may temporarily invest moneys not required for immediate expenditure in (collectively, the **"Permitted Investments"**):
 - 1. special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in New York, provided however, that such time deposit account or certificate of deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit be secured according to Section 10 of the General Municipal Law;
 - 2. obligations of the United States;
 - 3. obligations guaranteed by agencies of the United States where payment of principal and interest are guaranteed by the United States;
 - 4. obligations of the state of New York; and
 - 5. all other investments permitted by Section 11 of the General Municipal Law.
- B. The Board hereby delegates the Treasurer and any such person or persons the Treasurer authorizes the authority to temporarily invest the Funds of the Agency, provided such investments are made according to the General Municipal Law.

V. Written Contracts

The Agency shall enter into written contracts pursuant to which all investments of the Agency's Funds are made unless the Agency shall, by resolution, determine that a written contract is either not practicable or that there is not a regular business practice of written contracts with respect to a specific investment. Such contracts shall conform with the requirements outlined in Section 2925(c) of the Public Authorities Law.

VI. Diversification

- A. The Agency, when investing Funds, shall diversify its investments with respect to both the types of investments the firms with which it chooses to transact with.
- B. The Agency shall review investments at least quarterly on each January 1, April 1, July 1 and October 1 and shall allocate investments, if prudent to do so, so that no more than the greater of \$50,000 or 25% of its investments are obligations of any one obligor, other than the United States of America or the State of New York.

VII. Qualification of Investment Bankers, Brokers, Agents and Dealers, Advisors and Custodians

The Agency shall only enter into transactions with those investment bankers, brokers, agents, dealers, financial advisors and custodians which the Agency has deemed qualified and reliable. The following are the standards for qualification:

- A. Investment bankers retained by the Agency to serve as senior managing underwriters for negotiated sales must be registered with the United States Securities and Exchange Commission (the "SEC").
- B. Brokers, agents and dealers involved in:
 - 1. Government Securities must be a bank or trust company organized or licensed under the laws of any state of the United States of America or the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
 - 2. Municipal Securities must be registered with the SEC.
- C. Financial advisors retained by the Agency must be a bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.
- D. Custodians retained by the Agency must be a bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000.

VIII. Reporting

- A. Annually, the Agency's independent auditors shall prepare an independent audit of the Agency's investments for the fiscal year, the results of which shall be made available to the Board at the time the annual review and approval of investment guidelines is conducted by the Agency.
- B. Annually, the Treasurer shall prepare and the Agency shall approve an investment report, which shall include the following:
 - 1. this Investment Policy and any amendments to such Investment Policy since the last investment report, including an explanation of the guidelines and amendments;
 - 2. the results of an annual independent audit;
 - 3. the investment income record of the corporation; and
 - 4. a list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and/or advisor.
- C. The Agency shall make such investment report available to the public upon reasonable request therefor.
- D. The Agency shall annually submit its investment report to the chief executive officer and chief fiscal officer of each municipality for the benefit of which it was created and to the department of audit and control.
- E. Quarterly, the Agency shall direct the preparation and filing of a quarterly report with the Board regarding any new investments, the inventory of existing investments, and the selection of investment bankers, brokers, agent, dealers, advisors and/or auditors.

IX. Amendment

The Agency may amend this Investment Policy from time to time.

Adopted 3-11-13

Exhibit B

Independent Audit

RIVERHEAD INDUSTRIAL
DEVELOPMENT AGENCY

(A Discretely Presented Component Unit of
the Town of Riverhead, New York)

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2024 and 2023

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Riverhead Industrial Development Agency:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Riverhead Industrial Development Agency (the Agency), a discretely presented component unit of the Town of Riverhead, New York, as of and for the year ended December 31, 2024 and the related notes to financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Riverhead Industrial Development Agency as of December 31, 2023 were audited by other auditors whose report dated March 25, 2024, expressed an unmodified opinion on those financial statements. As part of our audit of the 2024 financial statements, we audited the adjustments described in note 6 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Emphasis of Matter

As discussed in note 6 to the financial statements, the financial statements as of and for the year ended December 31, 2023 have been restated. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 24, 2025

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Management's Discussion and Analysis

December 31, 2024 and 2023

The following is management's discussion and analysis of the Riverhead Industrial Development Agency's (the Agency) financial performance for the years ended December 31, 2024 and 2023. The section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. This section is only an introduction and should be read in conjunction with the Agency's basic financial statements, which immediately follow this section.

Organization

The Agency is a public benefit corporation of the State of New York established pursuant to the New York State General Municipal Law. It is a quasi-governmental, tax exempt Agency whose purpose is to promote, develop, encourage, and assist in the acquiring, developing, and equipping of various business facilities, thereby advancing the job opportunities, general prosperity, and economic welfare of the people of the Town of Riverhead (the Town).

The Agency is a separate entity and operates independently from the Town, however, the Town appoints its board of directors. Accordingly, the Agency is included in the Town's financial statements as a discretely presented component unit.

Financial Highlights

- During 2024 and 2023, the Agency's net position increased by \$52,808 and \$249,661, respectively.
- Total revenue for 2024 and 2023 was \$311,201 and \$506,640, respectively.
- Total expenses for 2024 and 2023 were \$258,393 and \$256,979, respectively.

Overview of the Financial Statements

The basic financial statements include the statements of net position, statements of revenue, expenses and changes in net position, statements of cash flows, and notes to financial statements. The Agency also includes in this report additional information to supplement the basic financial statements.

The statements of net position presents information that includes all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating. Evaluation of the overall economic health of the Agency must include other non-financial factors in addition to the financial information provided in this report.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Management's Discussion and Analysis, Continued

The statements of revenue, expenses and changes in net position report how the Agency's net position changed during the current and previous fiscal period. Revenue and expenses are included when earned or incurred, regardless of when cash is received or paid.

The statements of cash flows show the sources and uses of cash.

The accompanying notes to financial statements provide information essential to a full understanding of the financial statements.

Below is a summary of the statements of net position and the statements of revenue, expenses and changes in net position for the years ended December 31, 2024 and 2023, with 2022 presented for comparative purposes:

Summary of the Statements Net Position

	<u>2024</u>	<u>Dollar Change</u>	<u>2023*</u>	<u>Dollar Change</u>	<u>2022**</u>
Assets:					
Current assets	\$ 438,618	(69,259)	507,877	280,137	227,740
Capital assets, net	668	(223)	891	725	166
Noncurrent other assets	<u>-</u>	<u>(1,400)</u>	<u>1,400</u>	<u>(30,910)</u>	<u>32,310</u>
Total assets	<u>439,286</u>	<u>(70,882)</u>	<u>510,168</u>	<u>249,952</u>	<u>260,216</u>
Deferred outflows of resources - pension	<u>67,404</u>	<u>(6,289)</u>	<u>73,693</u>	<u>(1,142)</u>	<u>74,835</u>
Liabilities:					
Current liabilities	39,830	(122,387)	162,217	26,220	135,997
Noncurrent liabilities	<u>55,290</u>	<u>(32,191)</u>	<u>87,481</u>	<u>71,441</u>	<u>16,040</u>
Total liabilities	<u>95,120</u>	<u>(154,578)</u>	<u>249,698</u>	<u>97,661</u>	<u>152,037</u>
Deferred inflows of resources - pension	<u>30,285</u>	<u>24,599</u>	<u>5,686</u>	<u>(103,413)</u>	<u>109,099</u>
Net position:					
Net investment in capital assets	668	(223)	891	725	166
Unrestricted	<u>380,617</u>	<u>53,031</u>	<u>327,586</u>	<u>253,837</u>	<u>73,749</u>
Total net position	<u>\$ 381,285</u>	<u>52,808</u>	<u>328,477</u>	<u>254,562</u>	<u>73,915</u>

*Restated for prior period adjustments (note 6).

**Not restated for prior period adjustments.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Management's Discussion and Analysis, Continued

Summary of the Statements of Revenue, Expenses and Changes in Net Position

	<u>2024</u>	Dollar <u>Change</u>	<u>2023*</u>	Dollar <u>Change</u>	<u>2022**</u>
Total operating revenue	\$ 301,431	(204,787)	506,218	326,663	179,555
Total operating expenses	<u>258,393</u>	<u>1,414</u>	<u>256,979</u>	<u>45,069</u>	<u>211,910</u>
Income (loss) from operations	43,038	(206,201)	249,239	281,594	(32,355)
Nonoperating revenue - interest income	<u>9,770</u>	<u>9,348</u>	<u>422</u>	<u>242</u>	<u>180</u>
Change in net position	52,808	(196,853)	249,661	281,836	(32,175)
Beginning net position, as previously stated	<u>328,477</u>	<u>254,562</u>	<u>73,915</u>	<u>(32,175)</u>	<u>106,090</u>
Prior period adjustment	<u>-</u>	<u>(4,901)</u>	<u>4,901</u>	<u>4,901</u>	<u>-</u>
Beginning net position, as restated	<u>328,477</u>	<u>249,661</u>	<u>78,816</u>	<u>(27,274)</u>	<u>106,090</u>
Ending net position	<u>\$ 381,285</u>	<u>52,808</u>	<u>328,477</u>	<u>254,562</u>	<u>73,915</u>

*Restated for prior period adjustments (note 6).

**Not restated for prior period adjustments.

The Agency had operating revenue of \$301,431 for 2024. This includes \$251,489 for a project that closed during the year and \$49,942 for other services and fees charged by the Agency.

The Agency's operations during 2023 resulted in total operating revenue of \$506,218. Included in the total operating revenue is \$370,343 generated by project closing and other services, and an authorized transfer of \$135,875 from the Riverhead IDA Economic Job Development Corporation which is considered a related entity of the Agency and a discretely presented component unit of the Town of Riverhead.

Budgetary Highlights

Operating revenue in the 2024 budget was established at \$354,894. Operating revenue came in lower than budgeted as a result of fewer project closings and service fees.

Payroll costs of \$173,748 are over budget by \$9,350 due to annual wage increases and a change in estimate related to accrued payroll.

Rent expense is under budget by \$9,612 because the Agency's lease ended in March of 2024 and relocated its offices to the governing municipalities facilities.

Nonoperating revenue - interest income is \$9,520 over budget in 2024 as a result of the Agency establishing an account with Hanover Bank that has a higher interest rate.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Management's Discussion and Analysis, Continued

There were no changes between the original and final budget.

Operating revenue in the 2023 budget was established at \$171,601. Operating revenue came in higher than budgeted as a result of project closings, additional service fees, and a Board approved increase in fee rate.

New York State Employees' Retirement System pension expense is over budget by approximately \$25,000 due to the change from 2022 when the State booked the noncurrent pension as an asset, and then as a liability in 2023.

Business development expenses are over budget by \$6,250 because the expense was not budgeted for. The expense relates to the Agency's participation in executing and completing a plan for the Town of Riverhead Community Development Agency (CDA).

Payroll costs of \$153,097 are under budget by \$9,197 due to a decrease in the compensated absence accrual.

Travel costs are \$6,350 under budget in 2023 as a result of no conference fees.

Summarized Capital Assets

	<u>2024</u>	<u>Dollar Change</u>	<u>2023</u>	<u>Dollar Change</u>	<u>2022</u>
Furniture and fixtures	\$ 1,480	-	1,480	-	1,480
Equipment	<u>9,535</u>	<u>-</u>	<u>9,535</u>	<u>1,115</u>	<u>8,420</u>
Total capital assets	11,015	-	11,015	1,115	9,900
Less accumulated depreciation	<u>(10,347)</u>	<u>(223)</u>	<u>(10,124)</u>	<u>(390)</u>	<u>(9,734)</u>
Capital assets, net	<u>\$ 668</u>	<u>(223)</u>	<u>891</u>	<u>725</u>	<u>166</u>

Depreciation expense amounted to \$223 and \$390 for the years ended December 31, 2024 and 2023, respectively. The Agency purchased a computer equipment during the year ended December 31, 2023. There were no capital assets purchased during the year ended December 31, 2024.

Economic Factors

The Agency will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Agency will evaluate opportunities for investment of its resources in furthering this mission. High interest rates will continue to contribute high interest income for the Agency, while resulting in uncertain economic trends for commercial development.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Management's Discussion and Analysis, Continued

Contacting Administration

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Agency's Board of Directors at 55 Columbus Avenue, Riverhead, New York.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u> <u>(as restated)</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents	\$ 430,340	399,847
Accounts receivable	1,815	102,800
Prepaid expenses	6,463	5,230
Total current assets	<u>438,618</u>	<u>507,877</u>
Noncurrent assets:		
Capital assets, net	668	891
Other assets	-	1,400
Total noncurrent assets	<u>668</u>	<u>2,291</u>
Total assets	<u>439,286</u>	<u>510,168</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>67,404</u>	<u>73,693</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	1,477	16,803
Accrued payroll	6,545	-
Reimbursement expense deposit	31,808	145,414
Total current liabilities	<u>39,830</u>	<u>162,217</u>
Compensated absences	4,012	5,718
Net pension liability - ERS - proportionate share	<u>51,278</u>	<u>81,763</u>
Total noncurrent liabilities	<u>55,290</u>	<u>87,481</u>
Total liabilities	<u>95,120</u>	<u>249,698</u>
<u>Deferred Inflows of Resources</u>		
Pension	<u>30,285</u>	<u>5,686</u>
<u>Net Position</u>		
Net position:		
Net investment in capital assets	668	891
Unrestricted	<u>380,617</u>	<u>327,586</u>
Total net position	<u>\$ 381,285</u>	<u>328,477</u>

See accompanying notes to financial statements.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u> (as restated)
Operating revenue:		
Charges for services	\$ 250,802	370,343
Miscellaneous income	<u>50,629</u>	<u>135,875</u>
Total operating revenue	<u>301,431</u>	<u>506,218</u>
Operating expenses:		
Business development	-	6,250
Depreciation	223	390
Dues and subscriptions	1,000	850
Employee benefits - pension expense	25,859	31,323
Insurance	2,120	1,177
Legal notices	197	1,677
Office expenses	4,735	2,421
Payroll	173,748	153,097
Payroll taxes	13,162	12,560
Professional fees	30,272	33,030
Rent	2,920	12,300
Telephone	2,202	1,904
Travel and meetings	<u>1,955</u>	<u>-</u>
Total operating expenses	<u>258,393</u>	<u>256,979</u>
Income from operations	43,038	249,239
Nonoperating revenue - interest income	<u>9,770</u>	<u>422</u>
Change in net position	<u>52,808</u>	<u>249,661</u>
Net position at beginning of year, as previously stated	328,477	73,915
Prior period adjustments (note 6)	<u>-</u>	<u>4,901</u>
Net position at beginning of year, as restated	<u>328,477</u>	<u>78,816</u>
Net position at end of year	<u>\$ 381,285</u>	<u>328,477</u>

See accompanying notes to financial statements.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Statements of Cash Flows
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u> <u>(as restated)</u>
Cash flows from operating activities:		
Cash received from charges for services and other sources	\$ 290,210	452,977
Cash paid for personnel services and benefits	(208,760)	(196,900)
Cash paid for administrative costs	<u>(60,727)</u>	<u>(53,299)</u>
Net cash provided by operating activities	20,723	202,778
Cash flows from investing activities - interest income	9,770	422
Cash flows from capital and related financing activities - purchases of capital assets	<u>-</u>	<u>(1,115)</u>
Change in cash and equivalents	30,493	202,085
Cash and equivalents at beginning of year	<u>399,847</u>	<u>197,762</u>
Cash and equivalents at end of year	<u>\$ 430,340</u>	<u>399,847</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	43,038	249,239
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation expense	223	390
Changes in:		
Accounts receivable	985	(98,655)
Prepaid expenses	(1,233)	825
Other assets	1,400	-
Deferred outflows of resources - pension	6,289	1,142
Accounts payable	(15,326)	5,485
Accrued payroll	6,545	-
Reimbursement expense deposit	(13,606)	45,414
Compensated absences	(1,706)	(10,322)
Net pension liability - ERS - proportionate share	(30,485)	112,673
Deferred inflows of resources - pension	<u>24,599</u>	<u>(103,413)</u>
Net cash provided by operating activities	<u>\$ 20,723</u>	<u>202,778</u>

See accompanying notes to financial statements.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) Organization and Purpose

The Riverhead Industrial Development Agency (the Agency) is a public benefit corporation of the State of New York established pursuant to the New York State General Municipal Law. It is a quasi-governmental, tax exempt Agency whose purpose is to promote, develop, encourage, and assist in the acquiring, developing, and equipping of various business facilities, thereby advancing the job opportunities, general prosperity, and economic welfare of the people of the Town of Riverhead (the Town).

The Agency acts as a conduit for Industrial Revenue Bonds, which is used to finance business location or expansion projects. The Agency can also provide projects with tax benefits (property, sales, and mortgage recording tax) that are not available to most development projects.

The Agency is a discretely presented component unit of the Town, based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statements. Such criteria includes financial accountability and oversight responsibility which are determined by the Town's ability to appoint the Agency's board of directors.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by GASB. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

(c) Cash and Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and equivalents.

The Agency's deposits and investment policies are governed by State statutes. The Agency has adopted its own written investment policy which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The Agency has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of the State or its political subdivisions.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents, Continued

The Agency follows the provisions of GASB Statement No. 72 - Fair Value Measurement and Application, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. The three levels of the fair value hierarchy are described below:

- Level 1 - inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets.
- Level 2 - inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data.
- Level 3 - inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Interest rate risk is the risk that the Agency will incur losses in fair value caused by changing interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Agency does not invest in any long-term investment obligations.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40 - Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name. As of December 31, 2024 and 2023, the Agency had no deposits exposed to custodial credit risk.

Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Agency does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State.

Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Agency's investment policy limits the amount on deposit at each of its banking institutions.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to receivables.

(e) Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(f) Capital Assets

Capital assets are reported at cost, net of accumulated depreciation, except for contributed property and equipment, which is reported at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Major outlays for capital assets and improvements are capitalized while expenses for maintenance and repair are charged to expenses as incurred. Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. The estimated useful lives established to determine depreciation for furniture, fixtures and equipment are five years.

(g) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has one item that qualifies for reporting in this category. These amounts are related to pension - ERS.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item that qualifies for reporting. These amounts are related to pension - ERS.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Net Pension System - Proportionate Share - ERS

The net pension liability represents the Agency's proportionate share of the net pension system for the New York State Employees' Retirement System (ERS or the System). The financial reporting of the System is presented in accordance with the provisions of GASB Statement No. 68 - Accounting and Financial Reporting for Pensions, and GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68.

(i) Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation/amortization and increased or reduced by outstanding balances of bonds and other debt and related components that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - consists of net position for which constraints are placed on asset use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position - consists of net position that does not meet the definition of the two preceding categories.

(j) Revenue Recognition

The Agency's primary source of operating revenue is from application fees and financing fees (bond issuance and lease fees) which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the projects. Non-operating revenues consist of investment earnings.

(k) Reclassifications

Reclassifications have been made to certain 2023 balances in order to conform them to the 2024 presentation.

(l) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(2) Capital Assets

The Agency's capital asset activity for the years ended December 31, 2024 and 2023 is summarized as follows:

	Balance at <u>1/1/24</u>	<u>Additions</u>	Deletions/ <u>Transfers</u>	Balance at <u>12/31/24</u>
Capital assets, being depreciated:				
Furniture and fixtures	\$ 1,480	-	-	1,480
Equipment	<u>9,535</u>	<u>-</u>	<u>-</u>	<u>9,535</u>
Total capital assets being depreciated	<u>11,015</u>	<u>-</u>	<u>-</u>	<u>11,015</u>
Less accumulated depreciation:				
Furniture and fixtures	1,480	-	-	1,480
Equipment	<u>8,644</u>	<u>223</u>	<u>-</u>	<u>8,867</u>
Total accumulated depreciation	<u>10,124</u>	<u>223</u>	<u>-</u>	<u>10,347</u>
Total capital assets, net	<u>\$ 891</u>	<u>(223)</u>	<u>-</u>	<u>668</u>
	Balance at <u>1/1/23</u>	<u>Additions</u>	Deletions/ <u>Transfers</u>	Balance at <u>12/31/23</u>
Capital assets, being depreciated:				
Furniture and fixtures	\$ 1,480	-	-	1,480
Equipment	<u>8,420</u>	<u>1,115</u>	<u>-</u>	<u>9,535</u>
Total capital assets being depreciated	<u>9,900</u>	<u>1,115</u>	<u>-</u>	<u>11,015</u>
Less accumulated depreciation:				
Furniture and fixtures	1,480	-	-	1,480
Equipment	<u>8,254</u>	<u>390</u>	<u>-</u>	<u>8,644</u>
Total accumulated depreciation	<u>9,734</u>	<u>390</u>	<u>-</u>	<u>10,124</u>
Total capital assets, net	<u>\$ 166</u>	<u>725</u>	<u>-</u>	<u>891</u>

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(3) Reimbursement Expense Deposit

During the year ended December 31, 2023, the Agency received reimbursement of expenses pursuant to an agreement entered into as follows:

On September 21, 2022, the Agency entered into an agreement (the Agreement) with the Town of Riverhead Community Development Agency (the CDA) and Calverton Aviation & Technology, LLC (the Company) who collectively applied to the Agency for assistance in a project (the Project). Pursuant to the Agreement, the Company reimbursed the Agency, the Agency's counsel and any third-party consultants retained to assist in the due diligence process. Upon the delivery of this Agreement, the Company paid the Agency \$150,000, to pay the fees and expenses of the Agency, the Agency's transaction counsel and any third-party consultants hired or engaged by the Agency in connection with the application due diligence or analysis of the Project. Whenever the Agency incurs \$100,000 of fees and expenses, the Company will pay to the Agency an additional \$100,000 and every time thereafter the Agency has incurred \$100,000 of fees and expenses until the closing of Phase I of the Project.

During 2023, the Company reimbursed the Agency \$450,000 for payments made by the Agency in accordance with the Agreement. Reimbursable payments made by the Agency totaled approximately \$405,000 which included \$278,000 in legal fees, \$71,000 in professional fees paid to the Agency for its services, \$53,000 in business valuations, and \$3,000 in other business expenses.

In December 2023, the Agency invoiced the Company an additional \$100,000 for expenses relating to the Agreement. The \$100,000 is included in accounts receivable and in reimbursement expense deposit on the statement of net position at December 31, 2023. The balance of the reimbursement expense deposit account amounted to \$145,414 at December 31, 2023.

In January 2024, the Company initiated a lawsuit against the Town, the CDA and the Agency, and in October 2024, the Town cancelled the Agreement with the Company. The Agency believes that its claim for the \$100,000 receivable is still collectable, but due to the cancelled agreement and lawsuit, management reduced the receivable and related reimbursement expense deposit account due to potential collection issues. Management of the Agency believes the above method of reducing the receivable does not impact its ability for collection. The balance of the reimbursement expense deposit account amounted to \$31,808 at December 31, 2024.

The Town hired an attorney to defend both the Town and the Agency on this matter. Management believes that the outcome of this matter will not have a material effect on these financial statements.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(4) Pension Plan

(a) Plan Descriptions and Benefits Provided

The Agency participates in the System. This is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. ERS is included in the State's financial report as a pension trust fund.

That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 6% of their salary for their entire length of service. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

(b) Pension System, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2024 and 2023, the Agency reported the following for its proportionate share of the net pension liabilities for the System. The net pension system was measured as of March 31, 2024 and 2023 for the System. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation. The Agency's proportion of the net pension system were based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Agency.

	<u>2024</u>	<u>2023</u>
Measurement date	3/31/2024	3/31/2023
Net pension liability	\$ 51,278	81,763
Agency's proportion of the net pension liabilities	0.0003483%	0.003813%
Change in proportionate share	(0.000033)	0.0000032

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(4) Pension Plan, Continued

(b) Pension System, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

For the years ended December 31, 2024 and 2023, the Agency's recognized pension expense of \$25,859 and \$31,323, respectively. At December 31, 2024 and 2023 the Agency's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2024</u>		<u>2023</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 16,517	1,398	8,708	2,296
Changes of assumptions	19,387	-	39,709	439
Net difference between projected and actual investment earnings on pension plan investments	-	25,049	-	480
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	12,111	3,838	9,585	2,471
Agency's contributions subsequent to the measurement date	<u>19,389</u>	<u>-</u>	<u>15,691</u>	<u>-</u>
Total	<u>\$ 67,404</u>	<u>30,285</u>	<u>73,693</u>	<u>5,686</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension system in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

<u>Year ending</u>	
2025	\$ (6,720)
2026	12,494
2027	16,658
2028	<u>(4,702)</u>
	<u>\$ 17,730</u>

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(4) Pension Plan, Continued

(c) Actuarial Assumptions

The total pension liability as of each measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>2024</u>	<u>2023</u>
Actuarial valuation date	April 1, 2023	April 1, 2022
Measurement date	March 31, 2024	March 31, 2023
Inflation	2.9%	2.9%
Salary scale	4.4%	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.5%	1.5%

To set the long-term rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Demographic assumptions using in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(4) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

	2024		2023	
	Target Allocation	Long-Term Expected Real Rate of Return*	Target Allocation	Long-Term Expected Real Rate of Return*
Asset class:				
Domestic equity	32%	4.00%	32%	4.30%
International equity	15%	6.65%	15%	6.85%
Private equity	10%	7.25%	10%	7.50%
Real estate equity	9%	4.60%	9%	4.60%
Opportunistic/ARS studio	3%	5.25%	3%	5.38%
Credit	4%	5.40%	4%	5.43%
Real assets	3%	5.79%	3%	5.84%
Fixed income	23%	1.50%	23%	1.50%
Cash	<u>1%</u>	0.00%	<u>1%</u>	0.00%
	<u>100%</u>		<u>100%</u>	

* The real rates of return are net of a long-term inflation assumption of 2.9% and 2.5% in 2024 and 2023, respectively.

(d) Discount Rate

The discount rate used to calculate the total pension liability in both the April 1, 2023 and 2022 valuation reports was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(4) Pension Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption

The following presents the Agency's proportionate share of net pension asset/(liability) calculated using the current discount rates, as well as what the Agency's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates:

	2024		
	1% Decrease	Current Discount Rate	1% Increase
Agency's proportionate share of the net pension asset/(liability)	<u>(4.9%)</u>	<u>(5.9%)</u>	<u>(6.9%)</u>
	<u>\$(161,225)</u>	<u>(51,278)</u>	<u>(40,549)</u>
	2023		
	1% Decrease	Current Discount Rate	1% Increase
Agency's proportionate share of the net pension asset/(liability)	<u>(4.9%)</u>	<u>(5.9%)</u>	<u>(6.9%)</u>
	<u>\$(197,585)</u>	<u>(81,763)</u>	<u>15,021</u>

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of the respective measurement dates, were as follows:

	2024	2023
	(Dollars in Millions)	
Measurement date	March 31, 2024	March 31, 2024
Net pension liability	\$ (240,697)	(232,627)
Employer's total pension liability	<u>225,973</u>	<u>211,183</u>
Employer's net pension liability	\$ <u>(14,724)</u>	<u>(21,444)</u>
Ratio of plan net position to the employers' total pension liability	93.88%	90.78%

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)

Notes to Financial Statements, Continued

(4) Pension Plan, Continued

(g) Contributions to the Pension Plans

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions for the years ended December 31, 2024 and 2023 represent the projected employer contribution for the period of April 1, 2024 through March 31, 2025 and April 1, 2023 through March 31, 2024, respectively, based on paid employer wages multiplied by the employer's contribution rate, by tier. Retirement contributions paid to the System for the years ended December 31, 2024 and 2023 were \$24,619 and \$20,921, respectively.

(5) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

(6) Prior Period Adjustments

Certain adjustments related to the recording of the System in accordance with GASB Statement No. 68 - Accounting and Financial Reporting for Pensions, in the 2023 financial statements were required in order to properly state the financial position of the Agency. A summary of the restatements are as follows:

	As previously <u>stated</u>	<u>Change</u>	<u>Restated amounts</u>
Prepaid expenses and other assets	\$ <u>23,153</u>	<u>(17,923)</u>	<u>5,230</u>
Deferred outflows of resources - pension	\$ <u>58,002</u>	<u>15,691</u>	<u>73,693</u>
Accounts payable	\$ <u>39,627</u>	<u>(22,824)</u>	<u>16,803</u>
Employee benefits - pension expense	\$ <u>47,014</u>	<u>(15,691)</u>	<u>31,323</u>
Net position at beginning of year	\$ <u>73,915</u>	<u>4,901</u>	<u>78,816</u>

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Required Supplementary Information
Schedule of Revenue, Expenses and Changes in Net Position - Budget to Actual
Year ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating revenue:				
Charges for services	\$ 331,144	331,144	250,802	(80,342)
Miscellaneous income	<u>23,750</u>	<u>23,750</u>	<u>50,629</u>	<u>26,879</u>
Total operating revenue	<u>354,894</u>	<u>354,894</u>	<u>301,431</u>	<u>(53,463)</u>
Operating expenses:				
Depreciation	-	-	223	(223)
Dues and subscriptions	1,000	1,000	1,000	-
Employee benefits - pension expense	25,143	25,143	25,859	(716)
Insurance	1,198	1,198	2,120	(922)
Legal notices	400	400	197	203
Office expenses	2,850	2,850	4,735	(1,885)
Payroll	164,398	164,398	173,748	(9,350)
Payroll taxes	12,840	12,840	13,162	(322)
Professional fees	27,250	27,250	30,272	(3,022)
Rent	12,532	12,532	2,920	9,612
Telephone	1,896	1,896	2,202	(306)
Travel and meetings	<u>-</u>	<u>-</u>	<u>1,955</u>	<u>(1,955)</u>
Total operating expenses	<u>249,507</u>	<u>249,507</u>	<u>258,393</u>	<u>(8,886)</u>
	105,387	105,387	43,038	(62,349)
Nonoperating revenue - interest income	<u>250</u>	<u>250</u>	<u>9,770</u>	<u>9,520</u>
Change in net position	<u>\$ 105,637</u>	<u>105,637</u>	52,808	<u>(52,829)</u>
Net position at beginning of year			<u>328,477</u>	
Net position at end of year			<u>\$ 381,285</u>	

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Required Supplementary Information
Schedule of the Agency's Proportionate Share of the Net Pension Asset/Liability
Year ended December 31, 2024

<u>ERS System</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The Agency's proportion of the net pension asset/liability	0.0003483%	0.0003813%	0.0003781%	0.0003926%	0.0004260%	0.0004371%	0.0004680%	0.0004727%	0.0004857%
The Agency's proportionate share of the net pension asset/(liability)	\$ (51,278)	(81,763)	30,910	(391)	(112,808)	(30,971)	(28,069)	(34,306)	(77,954)
The Agency's covered payroll	\$ 147,941	142,377	137,563	128,018	124,573	119,107	111,727	109,919	104,498
The Agency's proportionate share of the net pension asset/liability as a percentage of covered payroll	34.66%	57.43%	22.47%	0.31%	90.56%	26.00%	25.12%	31.21%	74.60%
Plan fiduciary net position as a percentage of the total pension asset/liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	97.90%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency is presenting information for those years for which information is available.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the Town of Riverhead, New York)
Required Supplementary Information
Schedule of the Agency's Pension Contributions
Year ended December 31, 2024

<u>ERS System</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 24,619	20,921	17,619	22,855	19,768	18,542	17,394	17,222	16,372
Contribution in relation to the contractually required contribution	<u>24,619</u>	<u>20,921</u>	<u>17,619</u>	<u>22,855</u>	<u>19,768</u>	<u>18,542</u>	<u>17,394</u>	<u>17,222</u>	<u>16,372</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency's covered payroll	\$ 147,941	142,377	137,563	128,018	124,573	119,107	111,727	109,919	104,498
Contribution as a percentage of covered payroll	16.64%	14.69%	12.81%	17.85%	15.87%	15.57%	15.57%	15.67%	15.67%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency is presenting information for those years for which information is available.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Riverhead Industrial Development Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Riverhead Industrial Development Agency (the Agency), a discretely presented component unit of the Town of Riverhead, New York, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 24, 2025